



Local Transportation Management District Funding Options

City Business Improvement District *Colorado State Statute 31-25-Part 12*

The intent of a City Business Improvement District (CBID) is to provide supplemental services to businesses within the created district (typically a downtown or central business district, although any defined area may work). Many of these services mirror those normally provided by local governments and chambers of commerce, focusing on economic development and transportation management services may be included.

In Colorado, a CBID is the most feasible option for funding TDM programs, especially when these programs are supported by the local government. Nationally, approximately 7 percent of Transportation Management Associations (TMAs) receive funding from CBIDs.

A CBID is created by city approval of a petition from a majority (over 50 percent) of eligible taxpayers in the proposed district as well as a plan of services to be provided. Eligible properties are defined as those that pay business or occupational taxes. The plan of services/petition must include:

- The name of the proposed district, which must include the words "business improvement district"
- Description of boundaries and service area
- Description of services and/or improvements
- A formal request for the organization of the district and three persons to represent the petitioners
- Bond or cash deposit to cover formation expenses

The tax charged within a CBID can be a millage rate or a surcharge on business and occupational taxes. The administration of the CBID can be by the local government, an appointed board or an elected board. The services provided can be provided by the local government or contracted out by that government.



Special Tax Districts

Colorado State Statutes 30-20 Part 5 and Part 6

Probably the most common form of tax-based financing is the special tax district. Special tax districts are often created to provide a direct benefit to the property owners that will be included within the district and tend to focus on specific public infrastructure improvements. For example, property owners can agree to pay an additional tax that in turn is used to purchase and install a streetlight in their location.

There are two types of special tax districts or improvement districts that are available in Colorado: State Statute 30-20-Part 5-County Public Improvement District Act and State Statute 30-20-Part 6-Local Improvement Districts-Counties.

General/Public Improvement Districts (GIDs and PIDs) GIDs are formed by the local municipality and PIDs are formed by the county. The government entity makes up an “ex officio” Board of Directors for the improvement district. Each municipality generally defines the specific improvements in local statutes, but a wide variety of improvements are eligible. A petition must be signed by 30 percent or two hundred electors of the district, whichever is less.

Special/Local Improvement Districts (SIDs and LIDs) SIDs are formed and governed by the local municipality and LIDs are formed and governed by the county. Improvement costs are assessed cost upon the property benefited by the improvements. Each municipality generally defines the specific improvements in local statutes. Often there is one specific improvement or sets of improvements desired. If 50 percent of the property owners protest to the creation of a district, then the governmental agency cannot proceed.

Community Improvement District

Not currently included in Colorado State Statutes; unknown if formation is permitted

A Community Improvement District (CID) is a financing mechanism for a variety of projects and programs, usually transportation related. CIDs are becoming popular around the country as methods of improving areas to attract redevelopment and improve local transportation systems.

This is an excellent option in areas where the government is less progressive than property owners and businesses in developing and implementing TDM program. In the Atlanta region several CIDs provide administration and program funding to TMAs. TMAs continue as separate non-profit organizations or as programs housed within a chamber or business association in order to represent both business owners/employers and property owners.

Property owners initiate the creation of a CID and, as a quasi-governmental entity; they compose the Board of Directors (most often elected with one appointee from each represented municipality). A majority (over 50 percent) of eligible property owners that represent at least 75 percent of the tax value of the eligible properties in the proposed district must agree to the additional millage rate. Only commercial and industrial properties are eligible to be included in a



CID. The municipality in which the CID is located must also pass a resolution allowing the district.

Tax Increment Financing

With tax increment financing, the tax is not dependent on a single project or improvement. Tax increment financing can be a continuing source of revenue to local governments that intend to provide support for development and redevelopment opportunities. Through this practice, a local government can use an increase in the millage rate charged to property owners either to guarantee bond issues or to create a dedicated fund for specific projects. Funds raised through these methodologies can also attract matching funds from private-sector sources. The administration of these programs (described below) occurs either by the local government or by an appointed or elected board that operates under local government oversight.

Tax Allocation Districts

A Tax Allocation District (TAD) is a system that uses an expected increase in property tax revenue to guarantee bond issues. These bonds then fund capital programs that improve the infrastructure of the TAD.

The local jurisdiction initiates the program and adopts the boundary of the district. The property value revenue for the district is frozen at the current level for an agreed-upon number of years; a five-year period is common. The normal property assessment and appraisal process of the local government continues as before.

Within the described boundary, the city places any increase in property value revenue after the adoption of the TAD in a separate fund. This fund is pledged to pay bonds that are issued by the jurisdiction for infrastructure improvements within the TAD. This type of program is most effective when tied to a specific, large-scale development since it depends upon new tax value generated from development for its bond revenue stream.

The creation of a TAD requires the approval of the local school board as well as any other government that is charging property taxes within the district. The administration of the TAD can occur by the local government or by an independent board operating under city review.

The creation of a TAD will be most successful if it is tied to a large -scale development project. Otherwise, the revenue stream from “naturally” increasing property values will be so insignificant as to preclude the jurisdiction’s ability to pledge the revenues toward a bond issue.



Suitability for Financing TDM Services in Boulder

The Transportation Management Plan (TMP) Update suggests the creation of multiple Transportation Management districts in Boulder. The intent of these districts is to reduce the overall demand for the City's limited roadway capacity through the provision of ongoing commuter and traveler assistance programs. Transportation Demand Management (TDM) services within the districts will correspond to the level of expected development and redevelopment in the area.

The districts would also serve as an official conduit between the City's development review, long-range planning, economic development, and public works processes, and, the local property owners and businesses residing within the district's boundaries. Through the districts, current and future businesses will provide meaningful input on their transportation improvements and managing their transportation system.

Improvement districts, as outlined above, provide the opportunity to finance TDM services either as an ongoing service of the district (such as maintenance, parking, and operations services provided by CAGID) or as a support mechanism to infrastructure improvement (such as the 28th / 30th Street Corridor Network Plan). The appropriate district is dependent upon the level of business interest in the proposed district area and the preferred method for revenue generation.

A CBID provides a greater outlet for business involvement in the decision-making process, and, better serves the intent of the Transportation Management district conceptualization. Ideally, the CID concept is best suited for this purpose, but the allowance of such a quasi-governmental entity has yet to be tested in Colorado. A CBID, though, provides the opportunity for businesses to implement tailored TDM strategies, as provided either by the district directly or contracted to the City (such as GO Boulder). For contractual situations, economies of scale could be realized if more than one district is implemented. Finally, there is greater flexibility in the type of taxation that could be implemented by a CBID. Head taxes and similar proposals could be implemented under the banner of a CBID.